

## **ANALYSIS**

This ordinance amends the common-carrier petroleum pipeline franchise granted to Shell California Pipeline Company, by Ordinance No. 91-0155F, as amended, to reflect a merger and name change of the Franchisee to Shell California Pipeline Company LLC, a Delaware limited liability company, the addition of a franchise service area located in the Rancho San Francisco unincorporated area, and to update the terms and conditions of the franchise relating to transfers and assignments, payment of fees, annual reports, and indemnification, insurance, and bonding.

### **OFFICE OF THE COUNTY COUNSEL**

By  
KATHLEEN D. FELICE  
Senior Deputy County Counsel  
Public Works Division

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01/13/04 (requested)

10/05/04 (revised)

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending the common-carrier petroleum pipeline franchise granted to Shell California Pipeline Company ("Shell CA"), by Ordinance No. 91-0155F, as amended, to reflect a merger and name change of the Franchisee to Shell California Pipeline Company LLC, a Delaware limited liability company, the addition of a franchise service area located in the Rancho San Francisco unincorporated area, and updates to the terms and conditions of the franchise.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 1 of Ordinance No. 91-0155F, as amended, is hereby amended to read as follows:

**Section 1.** Franchise Term, Grant.

The right, privilege, and franchise is granted to ~~Shell California Pipeline Company~~ Shell California Pipeline Company LLC, a Delaware limited liability company ("Franchisee"), and its successors and assigns, ~~to lay or construct from time to time and~~ for the period of twenty-five (25) years beginning January 19, 1992, the effective date of this franchise, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, remove, or abandon in place pipes and pipelines for ~~transmitting the~~ collection, transportation, or distribution of petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other liquid substances, or ~~products thereof, except~~ excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C.

section 9601 et seq. the "Federal Pollution Water Control Act", and the "Solid Waste Disposal Act", and amendments thereto, together with all manholes, valves, cathodic protection systems, appurtenances and service connections necessary or convenient appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or convenient appropriate for the Franchisee's business operation in, under, along or across any and all highways as defined in Section 16.36.080 of the Los Angeles County Code now or hereafter dedicated to public use within following described service area or areas within the unincorporated territory of the County of Los Angeles ("County"), State of California; and depicted on the map(s) attached hereto as Exhibit A (Maps 1 through 9).

Part A. South Central Los Angeles-Carson Corridor: (Maps 1 and 2 of 9 of Exhibit A)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the centerlines of Washington Boulevard and San Pedro Street as the same existed on June 10, 1991, said intersection being located in the City of Los Angeles; thence southwesterly along the centerline of San Pedro Street to the centerline of Avalon Boulevard; thence southerly along the centerline of Avalon Boulevard to the centerline of Carson Street; thence easterly along the centerline of Carson Street to the centerline of Alameda Street; thence northerly along

the centerline of Alameda Street to the centerline of Washington Boulevard; thence northwesterly along the centerline of Washington Boulevard to the point of beginning.

Part B. Calabazas Area: (Map 3 of 9 of Exhibit A)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the southeast corner of Section 21, Township 1 North, Range 17 West, S.B.M.; thence proceeding northerly along the easterly line of Section 21 and Section 16 said township and range to the centerline of Long-Valley Road, as the same existed on June 10, 1991, and which is located within the City of Hidden Hills; thence westerly along the centerline of Long Valley Road to the boundary line of Ventura County; thence southerly and westerly along said boundary line of Ventura County to the westerly line of Section 18, Township 1 North, Range 17 West, S.B.M.; thence southerly along the westerly line of Section 18 and Section 19 said township and range to the southwest corner of said Section 19; thence easterly along the southerly line of Sections 19, 20, and 21 said township and range to the point of beginning.

Part C. Los Angeles Airport Area: (Map 4 of 9 of Exhibit A)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the centerlines of Sepulveda Boulevard and Century Boulevard as the same existed on September 16, 1991, said intersection being located in the City of Los Angeles; thence easterly along the centerline of

Century Boulevard to the centerline of La Cienega Boulevard; thence southerly along the centerline of La Cienega Boulevard to the centerline of El Segundo Boulevard; thence westerly along the centerline of El Segundo Boulevard to the centerline of Sepulveda Boulevard; thence northerly along the centerline of Sepulveda Boulevard to the point of beginning.

Part D. Whittier/La Mirada Area: (Map 5 of 9 of Exhibit A)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the centerlines of Bloomfield Avenue and Florence Avenue as the same existed on September 16, 1991, said intersection being located in the City of Santa Fe Springs; thence easterly along the centerline of Florence Avenue to the point on said centerline where ~~it~~Florence Avenue becomes Mills Avenue; thence northeasterly along the centerline of Mills Avenue to the centerline of Whittier Boulevard; thence southeasterly along the centerline of Whittier Boulevard to the centerline of 1st Avenue; thence southerly along the centerline of 1st Avenue to the centerline of Imperial Highway; thence westerly along the centerline of Imperial Highway to the centerline of Valley View Avenue; thence southerly along the centerline of Valley View Avenue to the centerline of Rosecrans Avenue; thence westerly along the centerline of Rosecrans Avenue to the centerline of Firestone Boulevard; thence northwesterly along the centerline of Firestone Boulevard to the centerline of

Bloomfield Avenue; thence northerly along the centerline of Bloomfield Avenue to the point of beginning.

Part E. Harbor Corridor Area: (Maps 6 and 7 of 9 of Exhibit A)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the centerlines of Hawthorne Boulevard and Rosecrans Avenue as the same existed on September 16, 1991, said intersection being located in the City of Hawthorne; thence easterly along the centerline of Rosecrans Avenue to the centerline of Main Street; thence southerly along the centerline of Main Street to that point on said centerline where Main Street becomes Wilmington Boulevard; thence southerly along the centerline of Wilmington Boulevard to the centerline of Pacific Coast Highway; thence westerly and northwesterly along the centerline of Pacific Coast Highway to the centerline of Hawthorne Boulevard; thence northerly along the centerline of Hawthorne Boulevard to the point of beginning.

Part F. West Los Angeles Area: (Map 8 of 9 of Exhibit A)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Beginning at the intersection of the centerlines of Santa Monica Boulevard and Barrington Avenue as the same existed on September 16, 1991, said intersection being located in the City of Los Angeles; thence northwesterly along the centerline of Barrington Avenue to the centerline of Sunset Boulevard; thence northeasterly along the

centerline of Sunset Boulevard to the centerline of Veteran Avenue; thence southerly and southeasterly along the centerline of Veteran Avenue to the centerline of Santa Monica Boulevard; thence southwesterly along the centerline of Santa Monica Boulevard to the point of beginning.

Part G.        Rancho San Francisco Area: (Map 9 of 9 of Exhibit A)

Those unincorporated areas of Los Angeles County lying within the following boundaries:

Sections 16, 17, 20, and 21, the west half of Sections 15 and 22, the east half of Sections 18 and 19, the north half of Sections 28 and 29, the northwest quarter of Section 27, and the northeast quarter of Section 30, all in Township 4 North, Range 16 West, Rancho San Francisco, partly in the City of Santa Clarita, County of Los Angeles, State of California, and partly in the unincorporated territory of said County, as shown on the map recorded in Book 1, pages 521 and 522, of Patents, in the office of the Recorder of said County. Reference is hereby made to County Surveyor's Filed Map No. 15284, on file in the office of the Director of Public Works of said County.

~~B. In the event sections 6001.5 or 6205.1 of the Public Utilities Code cease to be applicable to the franchise granted herein, then franchisee shall so advise the Director, of the County's Internal Services Department, and may request an expansion of the scope of the franchise. The Director may administratively consent to expand the scope of the franchise to the extent authorized under Title 16, Division 3A, Chapter 16.54, of the Los Angeles County Code. The scope of expanded operations~~

~~may include the collection, transportation or distribution of oil, petroleum, gas, gasoline, other hydrocarbon substances, wet gas, chemicals, mud, steam, water, waste water and other liquid substances. Any such expanded operations shall be subject to the conditions of Section 1.A., supra, or other conditions then in effect at the time of consent to expand the scope of the franchise. Franchisee agrees to pay any fees or charges associated with processing the request, at the rates in effect at the time of the request, and said fees or charges shall be submitted with the request. Except as otherwise provided in the Director's consent, all terms and conditions, including the termination date of the franchise, shall be in full force and effect.~~

**SECTION 2.** Section 2 of Ordinance No. 91-0155F, as amended, is hereby amended to read as follows:

**Section 2. Consideration, Payment of Fees.**

During such time as the fFranchisee's operations and rates for transportation are considered to be subject to the provisions of Ssection 6231.5 of the Public Utilities Code, the consideration shall be calculated pursuant to said section or other maximum amount permitted by law.

A. As consideration for the franchise granted, the Franchisee shall pay annually in arrears, on or before the following April 15th, for each year during the life of the franchise ("fee payment date"), ~~including the year of granting the franchise,~~ to the County of Los Angeles, in lawful money of the United States, ~~an annual~~ a franchise fee

computed annually ("annual franchise fee") pursuant to Section 6231.5 of the Public Utilities Code, computed as follows:

The length of pipe expressed in feet located within the franchised service area(s) described in Section 1, shall be multiplied by the applicable base rate, in accordance with the following schedule pursuant to section 6231.5 of the Public Utilities Code:

| Pipe size (internal<br>diameter in inches) | Base rate<br>per lineal foot |
|--|------------------------------|
| 0-4  | \$0.088                      |
| 6  | 0.132                        |
| 8  | 0.176                        |
| 10   | 0.220                        |
| 12   | 0.264                        |
| 14   | 0.308                        |
| 16   | 0.352                        |
| 18   | 0.396                        |
| 20   | 0.440                        |
| 22   | 0.484                        |
| 24   | 0.528                        |

|    |       |
|----|-------|
| 26 | 0.572 |
| 28 | 0.616 |
| 30 | 0.660 |

For pipelines with an internal diameter not listed above, the fees shall be in the same proportion to the fees of a 12-inch-diameter pipe as the diameter of the unlisted pipe is to 12 inches.

B. The total amount of the annual franchise fee payment calculated according to the applicable base rate for each lineal foot of pipeline ("base annual fee"), shall be computed and revised each calendar year, including the year of granting this franchise, as follows:

1. The applicable base rate shall be multiplied by the "Consumer Price Index for all Urban Consumers ("CPI-U") for the Los Angeles-Anaheim-Riverside-Orange County California Metropolitan Area (1982-84=100), All Items", as published by the United States Department of Labor, Bureau of Labor Statistics/Office of Information ("Bureau"), for the month of September immediately ~~preceeding~~preceding the month in ~~which payment is due and payable~~fee payment date, and divided by the ~~Consumer Price Index for~~CPI-U as it existed on June 30, 1989 (i.e. 128.7), which is declared to be 100. For example, if the CPI-U in September is 188.2, the annual franchise fee shall be one hundred and eight-eight and 2/10th percent (188.2%) times the base annual fee, provided however, Under no circumstances shall the multiplying factor be less than

one, nor shall the annual franchise fee calculated using said factor be less than the base annual fee.

2. If the ~~United States Department of Labor, Bureau of Statistics/Office of Information Bureau~~ discontinues the preparation or publication of a ~~Consumer Price Index~~ the CPI-U for the area, and if no translation or transposition table prepared by the ~~Department of Labor Bureau~~ is available so as to make those statistics which are then available applicable to the ~~index of~~ CPI-U as it existed on June 30, 1989, then the amount of each annual franchise fee shall be computed by reference to such other price index as may be chosen by the County of Los Angeles ~~shall prescribe a rate of payment~~ which shall, in its ~~judgement~~ judgment, vary from the rates specified in Public Utilities Code Section 6231.5 in approximate proportion as then-current commodity consumer prices ~~then-current~~ vary from commodity consumer prices current in December 1988. The County shall be the sole judge of comparability of successive indices and its determination on this point shall be final and conclusive. In no event shall the amount of the annual franchise fee payment calculated according to the base rate and adjusted by reference to such other price index, be less than the "base annual fee" as set forth ~~herein~~ in Section 2.A.

C. In addition to the foregoing annual payment, the Franchisee shall also pay:

1. ~~Pay to~~ The County Department of Public Works, within sixty (60) days after the end of each calendar year, for each year of the life of the franchise, an

initial construction charge calculated at a rate of ~~One Hundred Dollars~~ (\$100-00) per mile or fraction thereof, for all new main lines laid during ~~the~~that preceding calendar year, ~~during the life of the franchise.~~

2. ~~Pay to~~The County Auditor-Controller, within sixty (60) days after the end of each calendar year, for each year during the life of the franchise, an annual fee of ~~Twenty-Five Dollars~~ (\$25-00) per pole-mile or portion thereof ~~for main lines maintained under the franchise, for aerial or above-ground lines~~ and ~~Twenty-Five Dollars~~ (\$25-00) per mile or portion thereof ~~for~~ underground conduit for wires, cables, telephone, or telegraph lines maintained under the franchise during that preceding calendar year.

D. In the event Section 6231.5 of the Public Utilities Code ~~no longer is~~ceases to be applicable to any of the ~~Franchisee's~~ pipelines, operations ~~and/or~~ transportation rates, the County reserves the right to charge the ~~Franchisee~~ the rates then currently charged under Title 16, Division 3A, of the Los Angeles County Code, entitled "Pipeline Franchises". by the County for similar proprietary pipelines or the maximum amount permitted by law, whichever is greater.

E. In the event Section 6231.5 of the Public Utilities Code is no longer applicable to the franchise granted herein, ~~the foregoing annual payment required in Sections 2.A and 2.B., supra, may be changed at five-year intervals from the date Section 6231.5 of the Public Utilities Code is no longer applicable. Any increase will go into effect after~~ the County reserves the right to change its method of calculating fees

and the amount thereof, not more frequently than once every five (5) years, if the Board of Supervisors ("Board") determines, after a public hearing that good cause is foundexists forand such actionchange and such increase and such action is not in conflict with the laws of the ~~s~~State of California.

F. Franchisee ~~agrees to~~shall also pay any application, administrative, repeal, and processing fees required in connection with this franchise. These fees may be charged at the then-current applicable rate for any such actions.

**SECTION 3.** Section 3 of Ordinance No. 91-0155F, as amended, is hereby amended to read as follows:

**Section 3. Reports.**

The Franchisee shall during the life of the franchise:

A. File with the County Auditor-Controller, and the Chief Administrative Office ("CAO"), Director of Real Estate, ~~within sixty (60) days after the expiration of the calendar year, or fractional calendar year, following the date of the granting of the franchise and within sixty (60) days after the expiration of each calendar year thereafter,~~ two copies on the fee payment date, one (1) copy to each, a report verified ~~by the~~under oath ~~of the Franchisee or by the oath of a~~ duly authorized representative of the Franchisee, showing, as of December 31 for~~of~~ the immediately preceding franchise ~~period~~calendar year ("franchise report period"), the length of main lines in highways, the nominal internal diameter of such main lines, the rate per foot per year, defined as the amount per linear foot per year payable under Section 2.B and the computation of the

total amount of the annual franchise fee due to the County, together with such data as is necessary in the opinion of the County Auditor-Controller and/or the CAO, Director of Real Estate, to calculate or verify the calculation of the annual franchise fee required by Section 2.

B. ~~On this~~In the report ~~the~~prepared pursuant to subsection 3.A. above, Franchisee shall also show: any change in franchise footage since the ~~last~~end of the most recent prior franchise report period, if any, segregating such footage as to new main lines laid, old main lines removed, old main lines abandoned in place, including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduit laid for wires, cables, telegraph lines or telephone lines, old conduit removed, old conduit abandoned in place; and the diameter of such conduits laid, removed, and/or abandoned in place; and the footage and internal diameter of main lines in territory annexed or incorporated since the last day of the most recent prior franchise report period.

C. File with the Director of the County Department of Public Works and the CAO, Director of Real Estate, within sixty (60) days after the end of ~~the calendar year~~each franchise report period, with one (1) copy to each, a report, ~~in duplicate,~~ showing the permit number of each permit obtained for the installation of new main lines and conduits during the ~~immediately preceding~~just completed franchise report period, together with the length and size of ~~said~~such main lines and conduits.

**SECTION 4.** Section 4 of Ordinance No. 91-0155F, as amended, is hereby amended to read as follows:

**Section 4. Late Payments.**

A. ~~The Franchisee during the life of the franchise shall make annual payments to the County, as provided in Section 2 and 3 supra, within sixty (60) days after the end of each calendar year.~~ In the event the Franchisee fails to make any of the payments provided for the franchise herein on or before the dates they are due as hereinabove provided, the Franchisee shall pay as additional consideration the following amount: a late charge of ten percent (10%) of the amount due, said ten percent (10%) being due on the sixty-first (61st) day after the due date. ~~Said amount~~ The ten percent (10%) has been set by both parties hereto in recognition of the difficulty in affixing actual damages from a breach of said time ~~and of~~ performance requirements.

B. ~~For each period of late~~ In the event full payment of any rate, payment, or fee, including the ten percent (10%) late charge, ~~extending beyond thirty (30) is not received within ninety (90) days of~~ after the due date, an assessment of interest shall accrue on the unpaid balance at one percent (1%) per month beginning on the ninety-first (91st) day after the due date.

**SECTION 5.** Section 5 of Ordinance No. 91-0155F, as amended, is amended to read as follows:

~~Section 5. Franchisee shall meet the following indemnification, insurance and bonding requirements:~~

~~A. Franchisee agrees to indemnify, defend and save harmless County, its agents, officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage, including property of the Franchisee, and including pollution liability based upon, arising out of or attributable to any actual or alleged discharge, dispersal, release or escape of any pollutants into or upon any person, thing or place including the land, the atmosphere, any man-made structure and any above or below ground watercourse or body of water, arising from or connected with Franchisee's operations, or its services hereunder, including any Workers' Compensation suits, liability or expense, arising from or connected with services performed on behalf of Franchisee by any person pursuant to this franchise.~~

~~B. Without limiting Franchisee's indemnification of County, Franchisee shall provide and maintain at its own expense during the term of this franchise the programs of insurance covering its operations hereunder set forth hereinbelow. Such insurance shall be provided by insurer(s) satisfactory to County Risk Manager and evidence of such programs satisfactory thereto shall be delivered to the Director, on or before the effective date of this franchise. Insurance policies and certificates evidencing coverage shall name the County of Los Angeles, its officers, agents, and employees as additional insureds in respect to Franchisee's operations under the franchise. Such evidence shall specifically identify this franchise and shall contain express conditions that County is to~~

~~be given written notice by registered mail at least sixty (60) days in advance of any modification or termination of any program of insurance. The required coverage is as follows:~~

~~1.——Liability: Such insurance shall be primary to and not contributing with any other insurance maintained by County, shall name the County of Los Angeles as an additional insured, and shall include, but not be limited to:~~

~~(a)——General liability insurance written on a commercial general liability form or on a comprehensive general liability form covering the hazards of premises/operations, contractual independent contractors, pollution liability, explosion, collapse, underground damage, and personal injury with a combined single limit of not less than Ten Million Dollars (\$10,000,000) per occurrence.~~

~~i.——If written with an annual aggregate limit, the policy limit should be three times the above required occurrence limit; however, such aggregate limit shall not serve to increase the per occurrence limit in 1(a) above.~~

~~ii.——If written on a claims made form, the franchisee shall be required to provide an extended two year reporting period commencing upon termination or cancellation of this agreement.~~

~~(b).——Comprehensive Auto Liability insurance endorsed for all owned, non-owned, and hired vehicles with a combined single limit of at least One Million Dollars (\$1,000,000) per occurrence.~~

~~(c).—Professional liability: Insurance covering liability arising from any error, omission, or negligent act of the Franchisee, its officers or employees related to the activities of Franchisee's personnel, including those engaged in providing professional engineering services, with respect to operations relative to this franchise with limits of liability of One Million Dollars (\$1,000,000) per occurrence.~~

~~2.—Workers' Compensation: Insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California and the Federal U.S. Longshoreman and Harbor Worker Compensation Act, including Employer's Liability insurance with a \$1,000,000 limit, covering all persons the Franchisee is legally required to cover.~~

~~C.—Franchisee shall furnish the Chief Administrative Officer, within thirty (30) days of the adoption of the ordinance granting the franchise, either certified copies of said policies or a certificate of insurance for each of the required policies executed by the company issuing the policy, certifying that the policy is in force. Franchisee shall have the right, but not the obligation, to self-assume any risk or insurance requirement hereunder, and shall upon such election to self-assume such risks, provide the County with evidence of financial responsibility in a form acceptable to the County.~~

~~D.1. Within thirty (30) days of the adoption of the ordinance granting the franchise, Franchisee shall provide, to the Director of County Internal Services Department, a faithful performance bond in the sum of not less than Fifty Thousand Dollars (\$50,000), payable to the County of Los Angeles and executed by a corporate~~

~~surety licensed to transact business as a surety in the State of California. Such bond shall be conditioned upon the faithful performance by the Franchisee of the terms and conditions of the franchise and shall provide that, in case of any breach of condition, the whole amount of the penal sum shall be deemed to be liquidated damages and shall be payable to the County by the principal and sureties of the bond.~~

~~2.——The faithful performance bond shall continue to exist for one (1) year following Director's approval of sale, transfer, assignment or other change of ownership of the franchise, or of the expiration or termination of franchise. The Director may release said bond prior to the end of the one (1) year period upon satisfaction by Franchisee of all the obligations under the franchise.~~

~~3.——At its sole option, the County may accept Certificates of Deposit, Cash Deposits, or U.S. Government Securities in lieu of commercial bonds to meet above bonding requirements. Such alternative bonds shall be made payable to the County and shall be deposited with the County's Auditor-Controller and/or Treasurer Tax Collector, as applicable.~~

~~E.——The types and amounts of said insurance coverages and bond shall be subject to review and adjustment by the County, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to renew said insurance coverages and bond, in types and amount(s) as determined by the County, within thirty (30) days after written notice to do so from the County.~~

~~F. Failure on the part of the Franchisee to procure or maintain required insurance and bonding shall constitute a material breach of this franchise upon which the County may immediately terminate or suspend this franchise.~~

~~G. The obligation of providing evidence of current insurance policies and bonding shall be on the Franchisee.~~

**Section 5. Indemnification, Insurance, and Bonding.**

Franchisee shall meet the following indemnification, insurance, and bonding requirements:

A. Franchisee shall indemnify, defend, and hold harmless the County and its special districts, elected and appointed officers, employees, and agents ("County's agents") from and against any and all liability and expense, including claims and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, bodily injury, death, personal injury, or property damage, including property of the Franchisee, and including pollution liability, based upon, arising from, or relating to: (1) Franchisee's operations or its services as provided by Franchisee, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees ("Franchisee's agents") in connection with this franchise; and/or (2) the acts or omissions of Franchisee, Franchisee's agents, or any person in connection with activities or work conducted or performed pursuant to this franchise and arising out of such activities or work. Franchisee shall also indemnify, defend, and hold harmless the County and the County's agents, from and against any and all pollution

liability, contamination, or environmental degradation liability, including any and all expenses, claims, and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above or below ground watercourse or body of water, in connection with this franchise. The Franchisee shall not be obligated to indemnify for liability and expense arising from the active negligence of the County.

B. The County shall be immediately notified by Franchisee of all discharge, release, or escape of any petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, steam, water, waste water, mud, or other substances from Franchisee's pipelines. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipelines, and to repair or restore Franchisee's pipelines and appurtenances, shall be the sole responsibility of Franchisee, and shall be conducted by Franchisee or Franchisee's agents, in conformance with any and all laws, ordinances, rules, regulations, requirements, and orders whatsoever, present or future, of the federal, state, County, or other applicable local government at Franchisee's sole cost and expense, and shall be immediately undertaken. If Franchisee fails to take any action required pursuant to this section, County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's expense. Upon written demand by

County, Franchisee shall reimburse County for all County expenses reasonably incurred in connection with County's actions including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

C. Without limiting Franchisee's indemnification of County, Franchisee shall provide and maintain at its own expense, during the term of this franchise, the following programs of insurance. Such programs and evidence of insurance shall be satisfactory to the County, and shall be primary to, and not contributing with, any other insurance or self-insurance programs maintained by the County, but only to the extent of the liabilities assumed hereunder by franchisee.

1. Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered on or before the effective date of this franchise, and on or before the expiration date of each term of insurance, to the Chief Administrative Office, Real Estate Division, Attn: Property Management Section, 222 South Hill Street, 3<sup>rd</sup> Floor, Los Angeles, California 90012 or such other address(s) as Franchisee may be directed in writing by the CAO. Such certificates or other evidence shall:

(a) Specifically identify this franchise ordinance.

(b) Clearly evidence all insurance required in this franchise ordinance.

(c) Contain the express condition that the County is to be given written notice by registered mail at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of liability insurance, and at

least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of workers' compensation, or other insurance required by this Section 5.

(d) Include a copy of the additional insured endorsement to the commercial general liability policy, adding the County and County's agents as insured for all activities arising from this franchise.

(e) Show the Franchisee's insurance as primary to the County's insurance and self-insurance programs. This may be evidenced by adding a statement to the additional insured endorsement required in subsection (d), stating "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by the additional insureds and the additional insureds' insurance and self-insurance programs are excess and non-contributing to Named Insured's insurance."

2. The County reserves the right to require copies of Franchisee's insurance policies at County's request.

3. Insurance is to be provided by an insurance company with an A. M. Best rating of not less than A: VII, unless otherwise approved by the County.

4. The Franchisee agrees to release the County and County's agents and waive its rights of recovery against them under the insurance policies specified in this franchise ordinance.

5. Liability: Such insurance shall be endorsed naming the County of Los Angeles and the County's agents as additional insureds, and shall include, but not be limited to:

(a) Commercial General Liability insurance written on a commercial general liability form (ISO policy form CG00 01, or its equivalent, unless otherwise approved by the County), with limits of not less than five million dollars (\$5,000,000) per occurrence, fifteen million dollars (\$15,000,000) policy aggregate, and fifteen million dollars (\$15,000,000) products/completed operations aggregate.

i. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

(b) Comprehensive Auto Liability insurance (written on ISO policy form CA 00 01, or its equivalent, unless otherwise approved by the County), endorsed for all owned, non-owned, and hired vehicles with a limit of not less than one million dollars (\$1,000,000) per occurrence.

(c) Environmental Impairment Liability insurance, which insures liability for environmental impairment including cleanup cost endorsed for "Sudden and Accidental" contamination or pollution. Such coverage shall be in an amount and form to meet all applicable state and federal requirements but in no event less than five million dollars (\$5,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit should be three (3) times the above-required occurrence limit.

ii. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

6. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California. Such policy shall be endorsed to waive subrogation against the County for injury to the Franchisee's employees. If the Franchisee's employees will be engaged in maritime employment, the coverage shall provide the benefits required by the Federal U.S. Longshoreman and Harbor Worker Compensation Act, Jones Act, or any other federal law to which the Franchisee is subject. In all cases, the above insurance shall include Employers Liability insurance with not less than:

(a) Each accident: one million dollars (\$1,000,000).

(b) Disease-policy limit: one million dollars (\$1,000,000).

(c) Disease-each employee: one million dollars (\$1,000,000).

D. Franchisee shall furnish the CAO, Real Estate Division, at the location specified in subsection 5.C.1, within thirty (30) days after the adoption of this ordinance, and the expiration date of each term of insurance, either certified copies of the policies required by subsection 5.C or a certificate of insurance for each of said policies

executed by the Franchisee's insurance agent, or by the company issuing the policy, certifying that the policy is in force.

E. As an alternative to commercial insurance from Franchisee, the County may consider and approve, at the County's sole option, Franchisee's use of a program of self-insurance or self-insured retention, upon review and approval of the following:

1. An agreement to provide the County and the County's agents with indemnification in accordance with subsections 5.A and 5.B. The County shall be provided at least the same defense of suits and payments of claims as would be provided by the first dollar of commercial insurance.

2. A formal declaration to be self-insured for the type and amount of coverage indicated in this ordinance. This can be in the form of a corporate resolution or a certified statement from an authorized principal of the Franchisee. Franchisee must notify CAO Real Estate Division, at the location specified in subsection 5.C.1, immediately of discontinuation or substantial change in the self-insurance or self-insured retention program.

3. An agreement to notify the CAO immediately of any claim, judgment, settlement, award, verdict, or change in Franchisee's financial condition which would have a significant negative effect on the protection that the self-insurance or self-insured retention program provides to the County.

4. The name, address, and telephone number of Franchisee's legal counsel and claim representative, respectively, for the self-insurance or self-insured retention program.

5. Upon request by CAO, an audited financial statement that gives evidence of Franchisee's capacity to respond to claims falling within the self-insurance or self-retention program. Resubmission of such a statement may be required annually for the duration of the franchise, or more frequently at the request of the CAO.

6. A Certificate of Consent to Self-Insure issued by the State of California, Department of Industrial Relations certifying Franchisee's compliance with the requirements of the Director of Industrial Relations under the provisions of the Labor Code of the State of California (sections 3700 to 3705, inclusive) and certifying Franchisee has furnished satisfactory proof to said Director of Franchisee's ability to self-insure and to pay any compensation that may become due to Franchisee's employees.

7. Failure on the part of the Franchisee to comply with the County's requirements for approval of a program of self-insurance or self-insured retention will result in withdrawal of the County's approval to self-insure.

F. Within thirty (30) days after the adoption of the ordinance granting this franchise, Franchisee shall provide to the CAO, at the location specified in subsection 5.C.1, a faithful performance bond in the sum of not less than fifty thousand dollars (\$50,000) payable to the County of Los Angeles and executed by a corporate

surety acceptable to the County and licensed to transact business as a surety in the State of California. Such bond shall be conditioned upon the faithful performance by the Franchisee of the terms and conditions of this franchise and shall provide that, in case of any breach of condition of this franchise, the whole amount of the penal sum, or any portion thereof, shall be deemed to be liquidated damages, and shall be payable to the County by the principal and surety(ies) of the bond.

1. Throughout the term of this franchise, Franchisee shall maintain the faithful performance bond in the amount specified herein. Within ten (10) business days after receipt of notice from the County that any amount has been withdrawn from the bond as provided in this section, Franchisee shall restore the bond to the amount specified herein.

2. The faithful performance bond shall continue to exist for one (1) year following the CAO's approval of any sale, transfer, assignment, or other change of ownership of the franchise, or of the expiration or termination of the franchise. The CAO may release said bond prior to the end of the one (1) year period upon satisfaction by Franchisee of all the obligations under the franchise.

3. At its sole option, the County may accept certificates of deposit, cash deposits, irrevocable letters of credit, or U.S. Government Securities in lieu of or in addition to commercial bonds to meet the above bonding requirements. Such alternative security shall be made payable to the County and shall be deposited with the County's Auditor-Controller and/or Treasurer Tax Collector, as applicable.

G. The types and amounts of said insurance coverage and bonding shall be subject to review and adjustment by the County, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted insurance coverage and bonding, in type(s) and amount(s) as determined by the County, within thirty (30) days after written notice from the County.

H. Failure on the part of Franchisee to procure or maintain the required insurance and bonding, or to provide evidence of current insurance and bonding, shall constitute a material breach of the terms of this franchise upon which the County may immediately terminate or suspend this franchise.

I. It is the obligation of Franchisee to provide evidence of current insurance policies and bonding. Any franchise operations shall not commence until Franchisee has complied with the provisions of this Section 5, and any operations shall be suspended during any period that Franchisee fails to maintain the insurance and bonding required hereunder.

**SECTION 6.** Section 6 of Ordinance No. 91-0155F, as amended, is hereby amended to read as follows:

**Section 6. Transfers and Assignments.**

A. The Franchisee shall not sell, transfer, assign, lease, hypothecate, place in trust, or change the control of the franchise or any part thereof (each of which is hereinafter referred to as an "assignment") to any other person or entity ("transferee"), except with the prior written consent of the ~~Director of the Internal Services~~

~~Department~~CAO, and after payment of a transfer fee as detailed in subsection 6.G,  
~~infra~~. As used in this section, "transfer" includes stock transfer and "control" includes  
actual working control in whatever manner exercised.

B. Franchisee shall inform the ~~Director~~CAO of any pending ~~sale, transfer,~~  
~~lease,~~ assignment, ~~hypothecation,~~ placing in trust or change in control, except as  
excluded in subsection 6.E, and shall provide all documents requested by the CAO, as  
set forth in subsection 6.F, on which the ~~sale, transfer,~~ assignment, ~~lease,~~  
~~hypothecation,~~ trust or change in control is predicated. Consent to any such  
assignment shall only be refused if the CAO finds that Franchisee is in noncompliance  
with the terms and conditions of the franchise and/or that the proposed transferee, as  
applicable, is lacking in experience and/or financial ability to meet the franchise  
obligations. Consent from the CAO shall be conditioned upon the consummation of the  
assignment on the terms and conditions set forth in the assignment documents  
delivered to County, the assumption by transferee, as applicable, of all Franchisee's  
covenants and obligations under the franchise, and all information provided CAO under  
subsection 6.F, below, being true and correct as of the time of the consummation of the  
assignment. Upon receipt of such consent from the CAO, Franchisee may proceed to  
consummate the assignment.

C. Franchisee shall file with the ~~Director~~CAO, within thirty (30) days ~~of~~after  
the effective date of any ~~such action~~assignment, a certified copy of the duly executed  
instrument(s) which officially evidences of such ~~sale, transfer,~~ assignment, ~~lease,~~

~~hypothecation, trust or change in control. After reviewing the final transfer documents,~~  
~~the Director may administratively approve the transfer of the franchise rights. If such~~  
~~duly executed instrument is not filed with the Director~~CAO ~~within thirty (30) days after~~  
~~the effective date of such action~~assignment~~, or if the final documents are different from~~  
~~the preliminary documents~~conditions to consent by the CAO have not been met~~, then~~  
~~upon expiration of said thirty (30) days, the Director~~CAO ~~may inform~~notify ~~the~~  
Franchisee and the proposed transferee (assignee) ~~that the transfer~~assignment ~~is not~~  
~~deemed to be in force and effect~~approved by the County~~. The Director~~CAO ~~may then~~  
~~administratively determine that the~~assignment has no force or effect or that the  
~~franchise is forfeited and the Board may, without notice, by ordinance repeal the~~this  
~~franchise.~~

D. As a condition to the granting of consent to such ~~sale, transfer,~~  
~~assignment, lease, hypothecation, trust or change in control,~~ the Board may impose  
such additional terms and conditions upon the franchise and upon the ~~grantee~~proposed  
transferee or assignee which the ~~Director~~CAO recommends or the Board deems to be in  
the public interest. Such additional terms and conditions shall be expressed by  
ordinance. Nothing ~~herein~~ contained herein shall be construed to grant ~~the Franchisee~~  
~~the right to sell, transfer, assign, lease, hypothecate, place in trust or change control of~~  
~~the franchise or any part thereof,~~complete an assignment except in the manner  
aforesaid. This section 6 applies to any assignment, whether by operation of law, by  
voluntary act of the Franchisee, or otherwise.

E. Notwithstanding the foregoing, Sshareholders, and/or partners, and/or any other person or entity owning an interest in ~~of the~~ Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, divestment, or other change is effected in such a way as to give control of, or a ~~a~~ twenty-five percent (25%) or ~~more~~ greater interest in ~~the~~ Franchisee to any person or persons, corporation, partnership, or legal entity other than the persons or entity with the controlling interest ~~therein~~ in the Franchisee on the effective date of the franchise or the effective date of the last approved assignment, ~~sale, transfer or other action which required the Board's or Director's consent,~~ consent thereof shall be required as otherwise provided in this Section 6.

F. Upon notice by Franchisee of any pending assignment, the proposed ~~T~~transferee (~~assignee~~) shall submit an assignment application to the ~~Director of Internal Services~~ CAO which shall contain, but is not limited to:

1. Identification of the ~~applicant~~ proposed transferee which ~~indicates~~ the corporate or business entity organization ~~and submit, including the submission of~~ copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws; limited partnership agreements; ~~include,~~ operating agreements), and the names and addresses of any parent or subsidiary of ~~applicant~~ the proposed transferee, or any other business entity owning or controlling the ~~applicant~~ proposed transferee in part or in whole.

2. A ~~C~~current financial statement, which has been audited by a certified public accountant demonstrating conclusively to the satisfaction of the CAO that the proposed transferee has all the financial resources necessary to carry out all the terms and conditions of the franchise. The financial statement shall include a balance sheet, profit and loss statement for at least the three (3) most recent years, and statement of changes in financial position; however, if the proposed transferee has been in existence for less than three (3) years, then for such period of existence.

3. A ~~C~~copy of the proposed agreement of sale, letter of understanding, or other documentation which details the pending ~~action which will result in a change in control of the Franchisee~~ assignment ("assignment documents").

4. Other information, which may be required by the CAO to assess the capability of the proposed transferee to operate and maintain the franchise.

G. The transfer fee shall be submitted with the ~~applicant's~~ Franchisee's request for the County's consent to any ~~action~~ assignment described in ~~S~~ subsection 6.A, ~~supra,~~ and shall be determined as follows:

1. Consent to ~~sale, transfer, transfer of stock, assignment, or lease, or any other action~~ in which the County does not elect to not requiring modification of modify the franchise by adoption of an amending ordinance: one thousand dollars (\$1,000).

2. Consent to ~~sale, transfer, transfer of stock, assignment, or lease, or any other action~~ in which the County elects to requiring modification of modify the

franchise by adoption of an amending ordinance: two thousand five hundred dollars (\$2,500).

3. In the event the costs to process the proposed assignment application, including any consultant's fees incurred by the County to assist in evaluating the application, exceed the fees detailed above, the ~~applicant~~Franchisee and proposed transferee may be required to pay any additional costs incurred by the County in processing the ~~applicant's~~Franchisee's and/or proposed transferee's request for ~~consent to sale, transfer, transfer of stock, assignment, lease, hypothecation or trust of franchise.~~ Such costs may include the costs incurred for hiring consultants to assist in ~~evaluating the application.~~ Such costs shall be paid by the ~~applicant~~Franchisee and proposed transferee prior to final consideration of the request by the ~~Director~~CAO, or the Board, as applicable.

**SECTION 7.** Section 7 of ordinance No. 91-0155F, as amended, is hereby amended to read as follows:

**Section 7. Relocation of Pipelines.**

In the event the Franchisee receives notice to relocate its pipelines and appurtenances pursuant to Section 16.52.290 of the Los Angeles County Code, in addition to all obligations of Franchisee and rights of the County under Sections 16.38.290, 16.38.450 and 16.52.310, ~~and the~~if Franchisee neglects or fails to relocate its facilities in a timely manner after receipt of any such notice, Franchisee shall be responsible for, and shall reimburse the County, city, or other public entity, ~~for~~ any

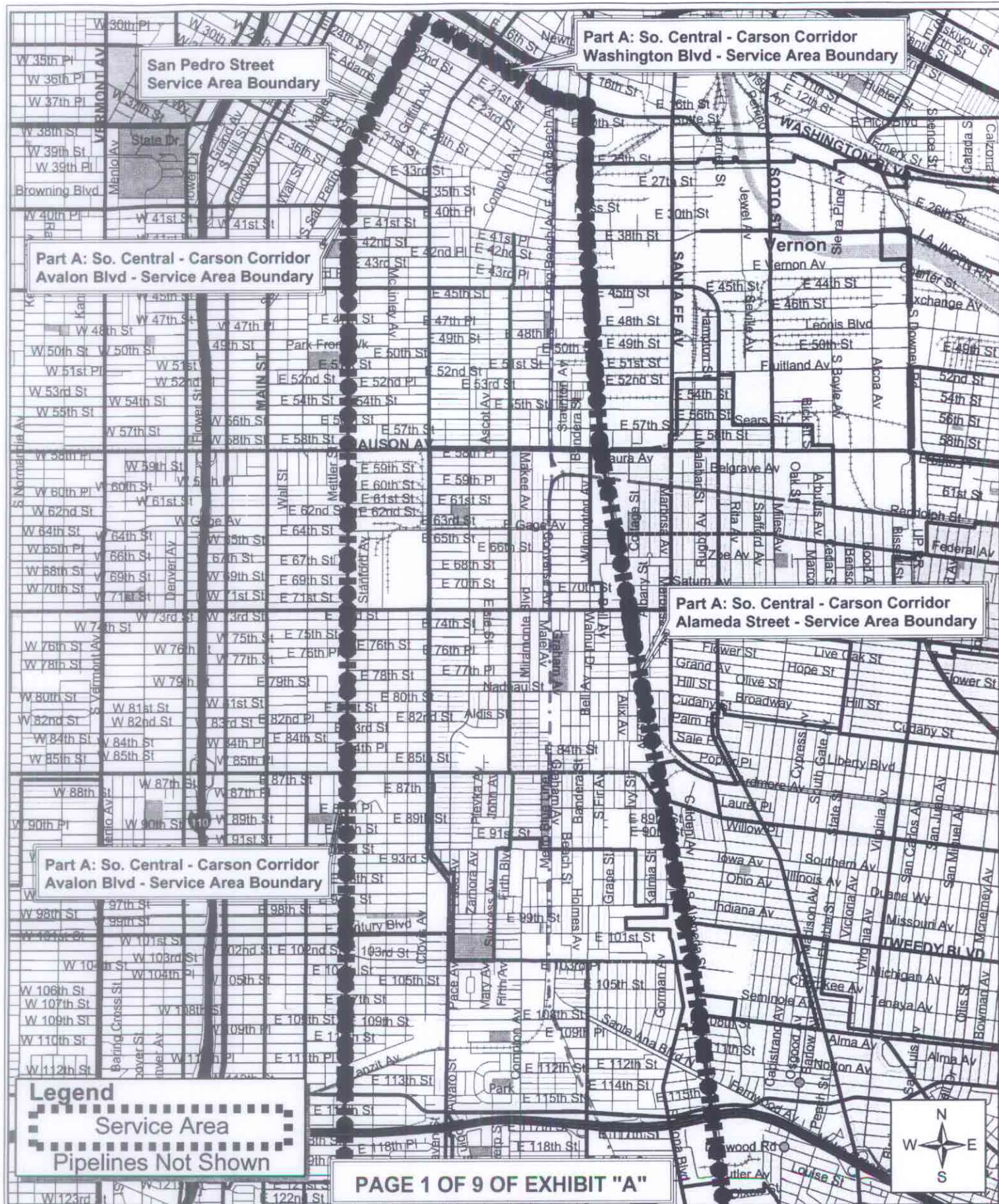
and all additional costs or expenses incurred by the County, city, or other public entity due to or resulting from such delay in relocation of the facilities.

**SECTION 8.** Section 8 of Ordinance No. 91-0155F, as amended, is hereby amended to read as follows:

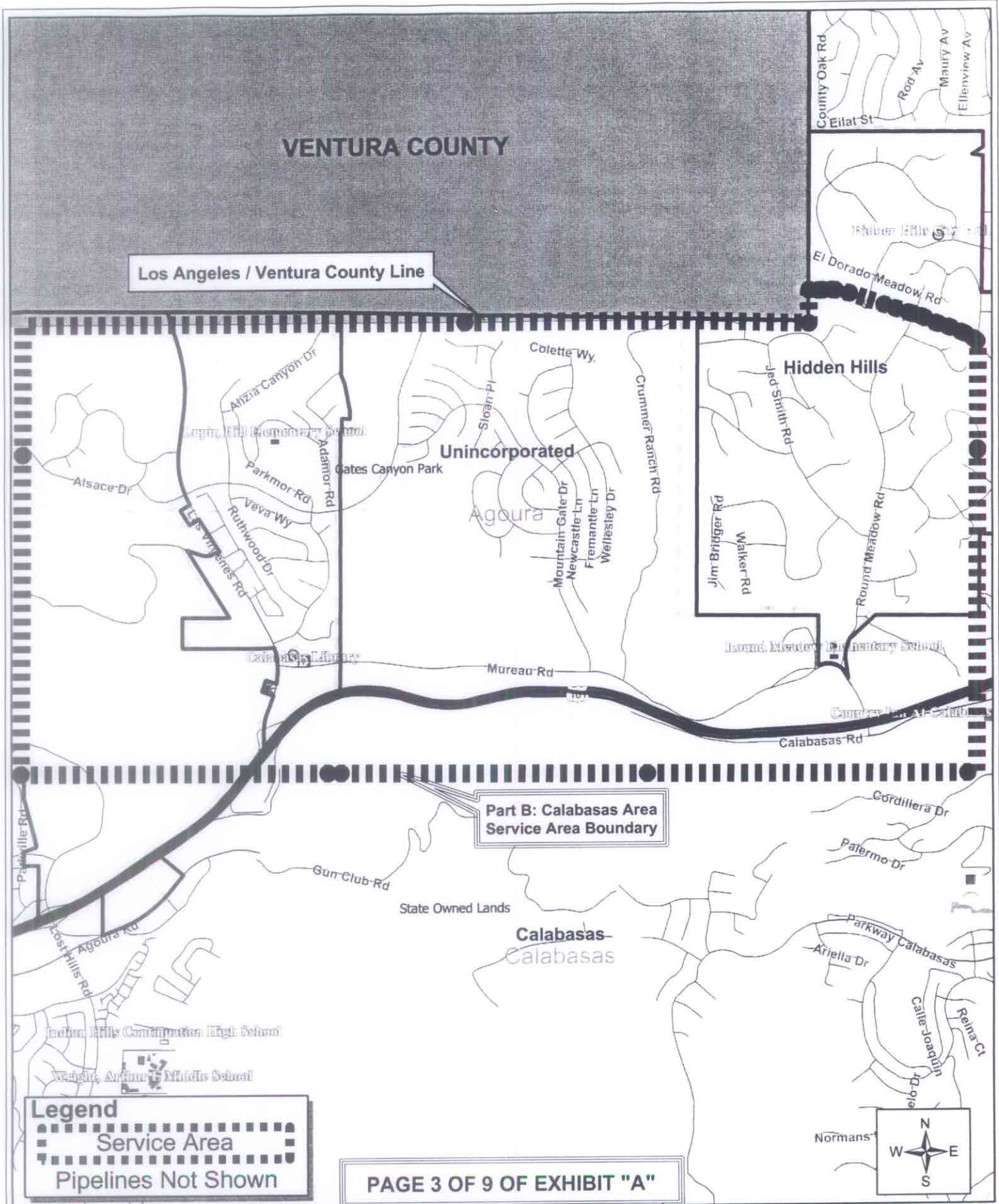
**Section 8. County Pipeline Franchise Incorporated.**

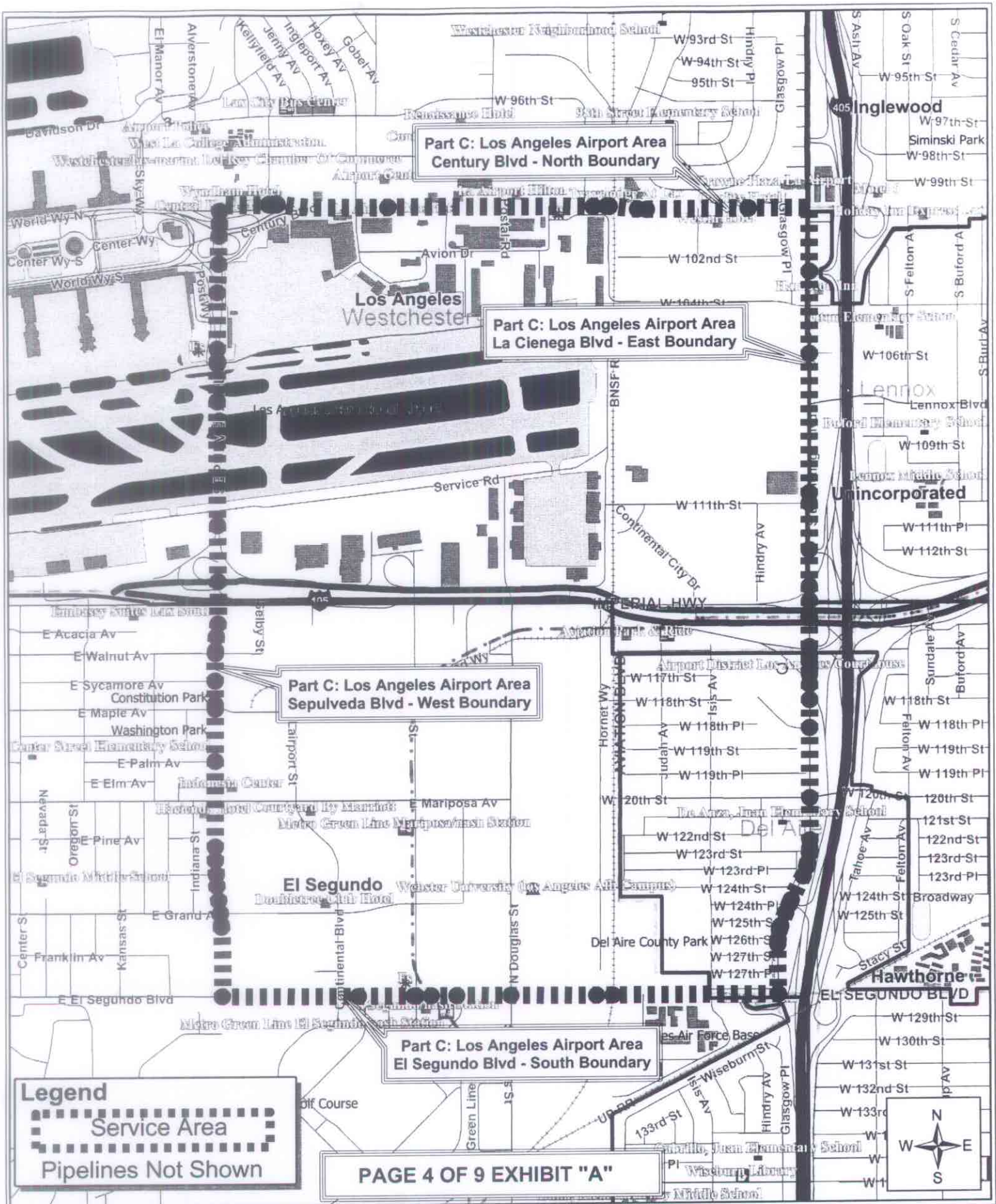
In addition to the terms and conditions herein, this franchise is granted under all the terms and conditions contained in the County Pipeline Franchise Ordinance, Title 16, Division 3A, of the Los Angeles County Code: ~~"The Pipeline Franchise Ordinance"~~ as codified and adopted in 1978, and ~~as hereafter amended to date, herein called "Ordinance"~~ which is incorporated herein by reference, as it may hereafter be amended. In the event the terms and conditions of this franchise conflict with the terms and conditions of ~~said~~ the County Pipeline Franchise Ordinance, the terms and conditions hereof shall control. Without limiting the generality of the foregoing, Sections 16.52.020H, 16.52.100, 16.52.110, 16.52.120, 16.52.140, 16.52.150, 15.52.200, 16.52.220, 16.52.340, 16.54.050, 16.54.060, 16.54.070, 16.54.080, and 16.54.090 are superseded by this franchise granting ordinance.

[910155F-KDF0104]

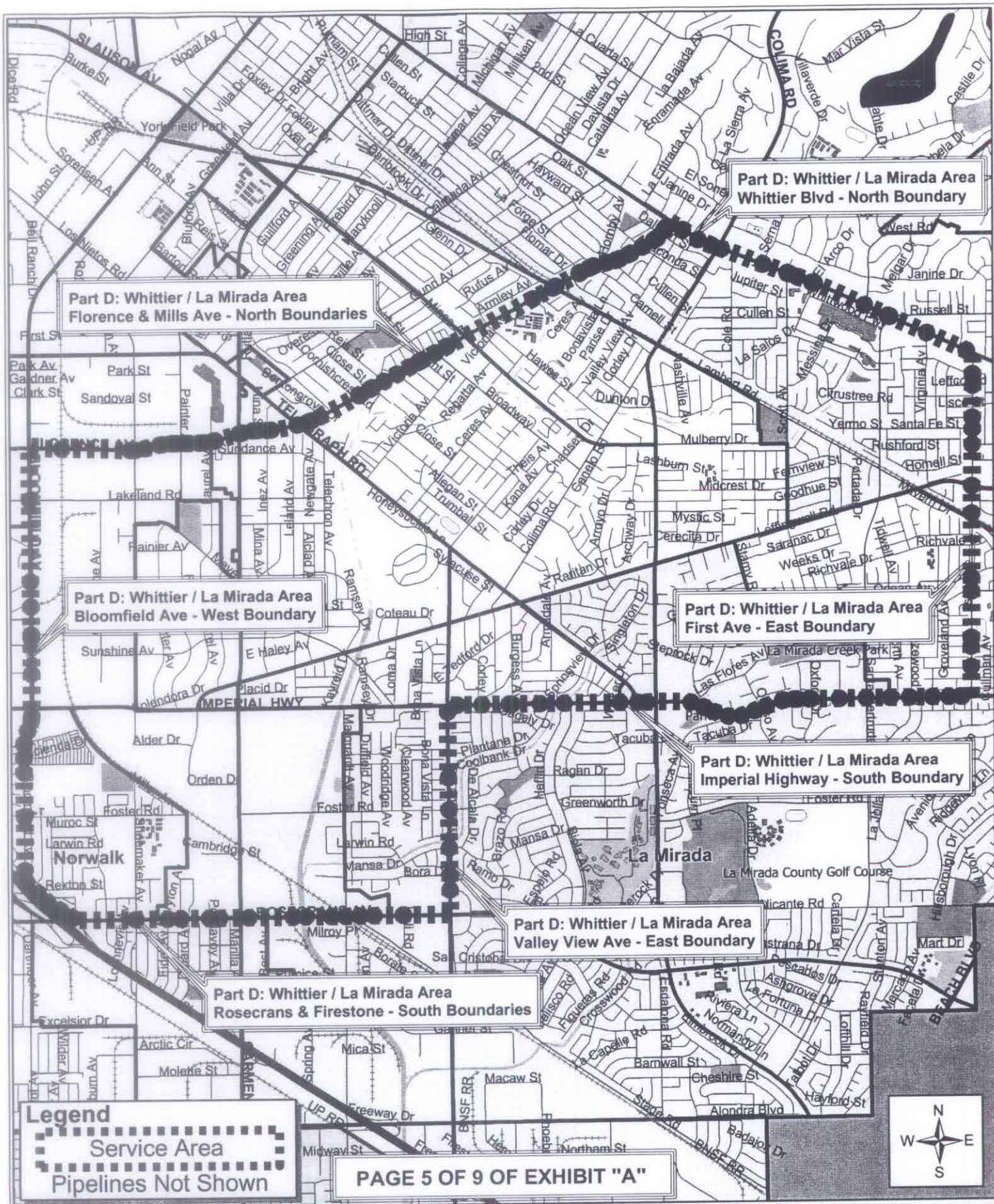




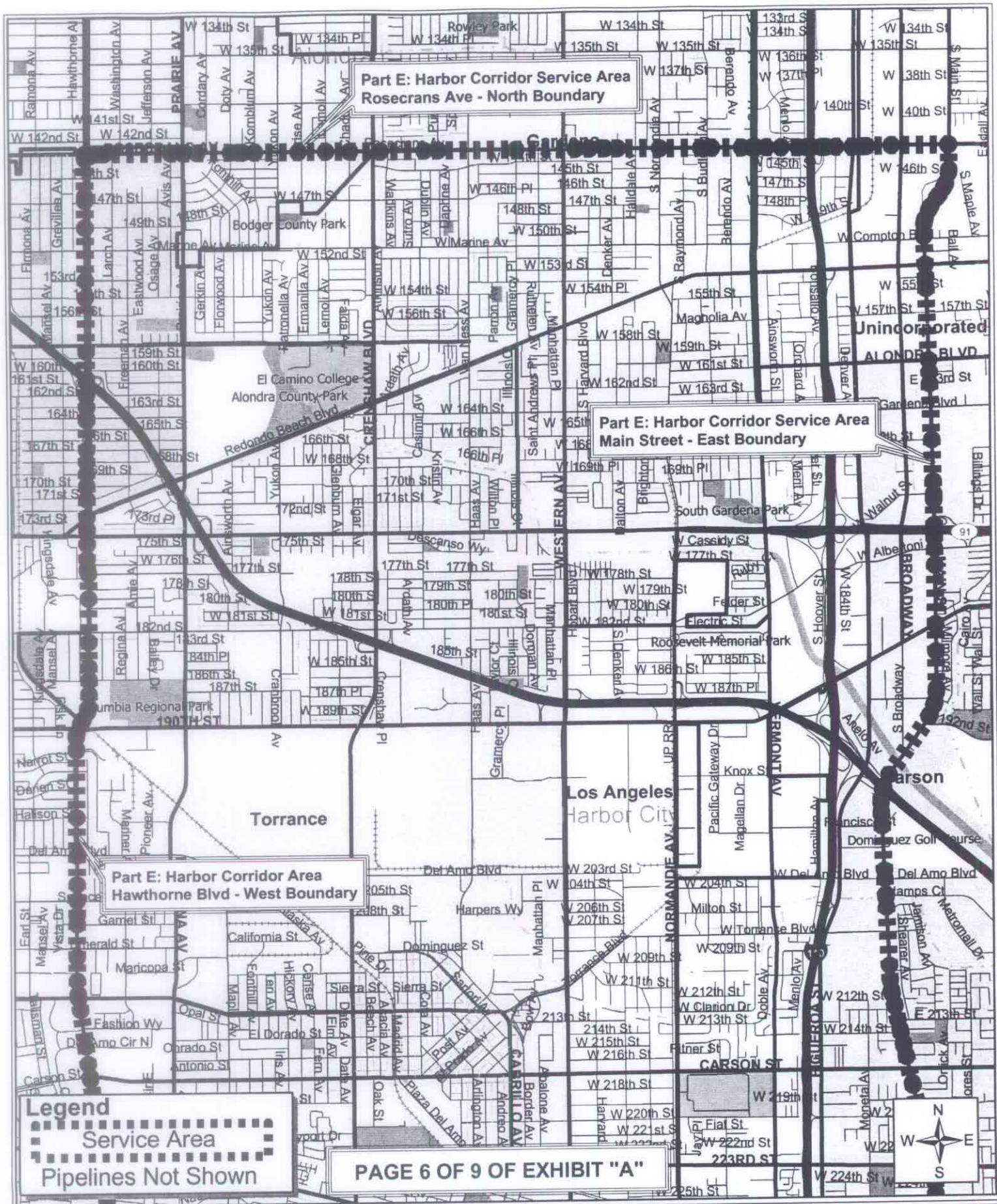




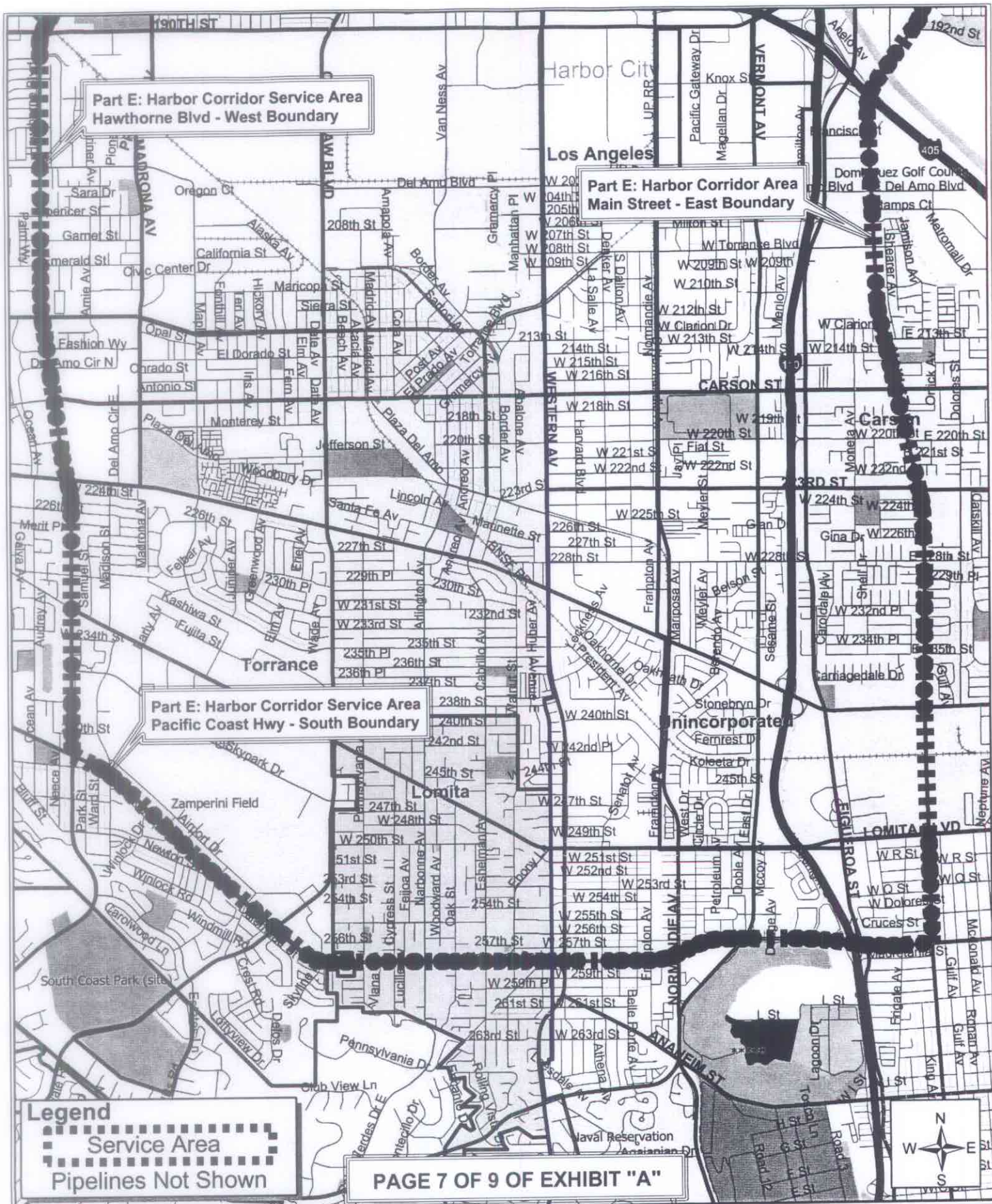
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| Date<br>June 15, 2004  | <b>COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE</b><br><b>Shell California Pipeline Company LLC</b><br><b>Common Carrier Petroleum Pipeline Franchise</b><br><b>Part C: Los Angeles Airport Area</b> | Equilon / Shell CA<br>91-0155F / 97-0057F |
| Sup Dist.<br>Dist 2, 4 |   | Agent<br>R. Ball                          |

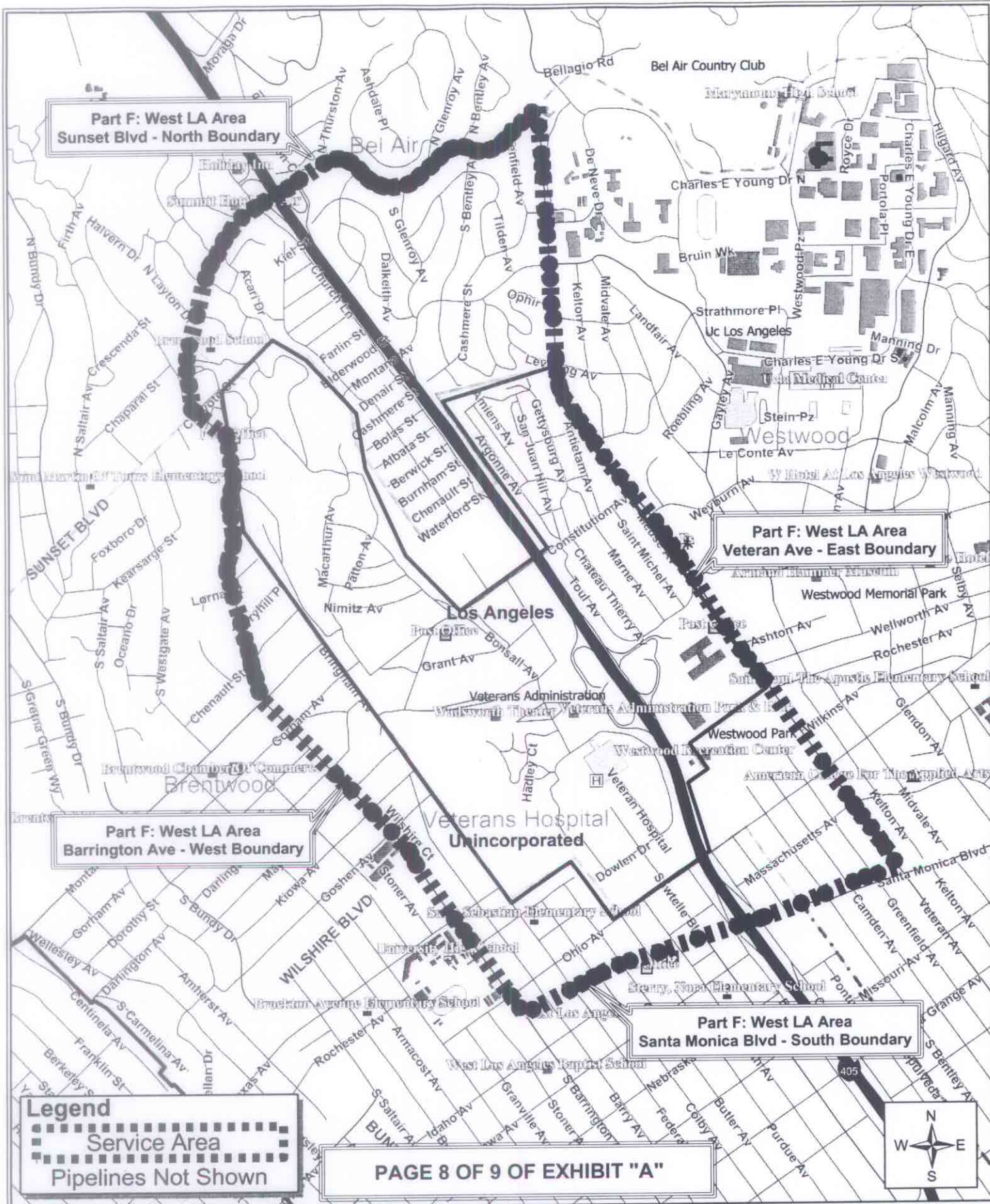


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| Date<br>June 15, 2004  | <b>COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE</b><br>Shell California Pipeline Company LLC<br>Common Carrier Petroleum Pipeline Franchise<br>Part D: Whittier / La Mirada Service Area | Equilon / Shell CA<br>91-0155F / 97-0057F |
| Sup Dist.<br>Dist 1, 4 |   | Agent<br>R. Ball                          |



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| Date<br>June 15, 2004  | <b>COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE</b><br><b>Shell California Pipeline Company LLC</b><br><b>Common Carrier Petroleum Pipeline Franchise</b><br><b>Part E: Harbor Corridor Area (North)</b> | Equilon / Shell CA<br>91-0155F / 97-0057F |
| Sup Dist.<br>Dist 2, 4 |   | Agent<br>R. Ball                          |





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| Date<br>June 15, 2004 | <b>COUNTY OF LOS ANGELES - CHIEF ADMINISTRATIVE OFFICE</b><br><b>Shell California Pipeline Company LLC</b><br><b>Common Carrier Petroleum Pipeline Franchise</b><br><b>Part F: West Los Angeles Service Area</b> | Equilon / Shell CA<br>91-0155F / 97-0057F |
| Sup Dist.<br>Dist 3   |  | Agent<br>R. Ball                          |

